BILL NO. S-81-08-17

SPECIAL ORDINANCE NO. S-200-81

AN ORDINANCE ratifying an Agreement establishing a Pension Plan and Funding Agreement between the City of Fort Wayne, Indiana, and Indiana and Michigan Electric Company.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. That a certain agreement, dated June 18, 1981, between the City of Fort Wayne, Indiana, by and through its Mayor and Indiana and Michigan Electric Company to:

> provide benefits for the employees of the Fort Wayne electric system who became employees of Indiana and Michigan Electric Company on March 1, 1975,

all as more particularly set forth in said agreement which is on file in the Office of the Mayor, and is hereby incorporated herein and made a part hereof, be and the same is in all things hereby ratified, confirmed and approved.

SECTION 2. That this Ordinance shall be in full force and effect from and after its passage and approval by the Mayor.

Vivian G. Schmidt
COUNCILMAN

APPROVED AS TO FORM AND LEGALITY AUGUST 21, 1981.

BRUCE O. BOXBERGER, CITY ATTORNEY

Read the first time in full and on motion by V. Schmidt seconded by Talarico, and duly adopted, read the second time by title and referred to the Committee Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, ~~at the Council Chambers, City-County Building,~~ Fort Wayne, Indiana, on ______, the ______ day of ______, 19____, at ______ o'clock ____ M.,E.S.T.

DATE: 8-25-81

Charles W. Westerman
CHARLES W. WESTERMAN
CITY CLERK

Read the third time in full and on motion by V. Schmidt seconded by Stier, and duly adopted, placed on its passage. PASSED ~~(LOST)~~ by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT	TO-WIT:
TOTAL VOTES	9				
BURNS	✓				
EISBART	✓				
GiaQUINTA	✓				
NUCKOLS	✓				
SCHMIDT, D.	✓				
SCHMIDT, V.	✓				
SCHOMBURG	✓				
STIER	✓				
TALARICO	✓				

DATE: 9-8-81

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as ~~(ZONING MAP)~~ ~~(GENERAL)~~ ~~(ANNEXATION)~~ (SPECIAL) (APPROPRIATION) ORDINANCE ~~(RESOLUTION)~~ No. S-200-81 on the 8th day of September, 19 81.

ATTEST: (SEAL)

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

John Nuckols
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 9th day of September, 19 81, at the hour of 11:30 o'clock A. M.,E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 9th day of Sept. 19 81, at the hour of 11 o'clock A M.,E.S.T.

Win Moses
WINFIELD C. MOSES, JR.
MAYOR

BILL NO. S-81-08-17

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN ORDINANCE ratifying an Agreement establishing a Pension Plan and Funding Agreement between the City of Fort Wayne, Indiana, and Indiana and Michigan Electric Company

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE Do PASS.

VIVIAN G. SCHMIDT, CHAIRMAN Vivian G. Schmidt

JAMES S. STIER, VICE CHAIRMAN James S. Stier

MARK E. GiaQUINTA

PAUL M. BURNS Paul M. Burns

ROY J. SCHOMBURG Roy J. Schomburg

9-8-81

CONCURRED IN

DATE CHARLES W. WESTERMAN, CITY CLERK

CITY OF FORT WAYNE, INDIANA

and

INDIANA & MICHIGAN ELECTRIC COMPANY

RESTATED
PENSION PLAN AND FUNDING AGREEMENT

Dated: June 18, 1981

Effective as of: March 1, 1975

RESTATED
PENSION PLAN AND FUNDING AGREEMENT

AGREEMENT made as of the 18th day of June, 1981 by and between the City of Fort Wayne ("Fort Wayne"), a municipal corporation of the State of Indiana, and Indiana & Michigan Electric Company ("I&M"), an Indiana corporation.

WITNESSETH:

WHEREAS, the parties entered into a lease agreement on September 13, 1974 ("Lease Agreement") providing for, among other things, a long term lease of Fort Wayne's electric utility system ("Electric System") to I&M; and

WHEREAS, I&M took possession and commenced operations of the Electric System on March 1, 1975; and

WHEREAS, Article III of the Lease Agreement provides generally that all regular full-time employees of Fort Wayne engaged in the operation and maintenance of the Electric System ("City Light Employees") would be offered similar employment by I&M; and

WHEREAS, on March 1, 1975 most of the City Light Employees were covered by either of the two pension plans described in this Agreement (for convenience said plans are sometimes referred to herein as the "existing plans"); and

WHEREAS, Article III of the Lease Agreement provides generally that I&M will develop a pension program for the City Light Employees (based principally, but not exclusively, upon the current provisions of the existing plans), and describes generally the benefits to be paid to City Light Employees under said program for their service to Fort Wayne prior to becoming employees of I&M; and

WHEREAS, the parties entered into a Pension Plan and Funding Agrement dated as of March 1, 1975 ("1975 Agreement") which (i) provided for pensions and certain other benefits different from those set forth in the Lease Agreement and (ii) provided for the funding of such benefits; and

WHEREAS, as provided by Article I, Section 6 of the 1975 Agreement, the parties desire to amend the 1975 Agreement to comply with the applicable provisions of the Employee Retirement Income Security Act of 1974.

NOW THEREFORE, it is agreed that the 1975 Agreement is hereby restated in its entirety, effective as of March 1, 1975, to read as follows:

PENSION PLAN AND FUNDING AGREEMENT

TABLE OF CONTENTS

ARTICLE I - GENERAL PROVISIONS

Section 1 - Employees Covered by this Agreement. Subject to the provisions of Articles II and III, this Agreement covers those City Light Employees who become employees of I&M on March 1, 1975. Any City Light Employee who dies, retires, or otherwise terminates his employment prior to March 1, 1975 shall have all of his rights and benefits determined without regard to this Agreement.

Section 2 - Effective Date. This Agreement shall be effective as of March 1, 1975.

Section 3 - Definitions. In addition to certain terms defined in other parts of this Agreement, unless the context clearly requires otherwise:

(a) "Accrued Benefit" means, as of any applicable date, an annual benefit commencing on a Participant's Normal Retirement Date which is determined as of such applicable date (i) in the case of a Participant formerly covered by the MUPF Plan, under the provisions of Section 2 of Article II and (ii) in the case of a Participant formerly covered by the PERF Plan, under the provisions of Section 2(a) of Article III.

(b) "Accumulated Contributions" means a Participant's contributions under the MUPF or PERF Plans, as the case may be, made prior to March 1, 1975 plus such interest (if any) as is provided under the MUPF or PERF Plans through February 28, 1975.

(c) "Actuarial Equivalent" means a benefit of equivalent value, when computed on the basis of reasonable actuarial assumptions as to interest and mortality, consistently applied.

(d) "Average Monthly Salary" means the amount obtained by using a Participant's base pay from his Employer and (if necessary) from Fort Wayne during those 60 consecutive months, whether before or after February 28, 1975, in which his base pay was the highest for any 60 such consecutive months (or, if a Participant has less than 60 months of such service with the Employer and Fort Wayne, the amount determined by using his base pay during the total number of months of such service).

(e) "Computation Period" means the 12-consecutive-month period beginning on March 1, 1975 and each succeeding 12-consecutive-month period.

(f) "Early Retirement Date" means, when a Participant retires prior to his Normal Retirement Date, the first day of the calendar month following the date on which he retires.

(g) "Employer" means Fort Wayne or I&M, as the case may be, or, if applicable with respect to any Participant, any other American Electric Power System Company.

(h) "Employer Provided Benefit" means the excess of the amount of the benefit provided for a Participant on his Normal Retirement Date over the amount of the benefit (payable as a single life annuity) equal to (i) his Accumulated Contributions plus Interest to his Normal Retirement Date multiplied by (ii) 10% or such other conversion factor as may be prescribed by any applicable law or regulation.

(i) "Hour of Service" means each hour, in any applicable Computation Period, (i) for which a Participant is directly or indirectly paid, or entitled to payment, by his Employer either for the performance of duties or for reasons (such as holidays, vacation, sickness or disability) other than for the performance of duties or (ii) for which back pay for a Participant, irrespective of mitigation of damages, has been either awarded or agreed to by the Employer. An Hour of Service as defined in clause (i) shall be credited to the Participant for the applicable Computation Period in which the duties were performed or, in the case of payments for reasons other than the performance of duties, in which the period during which no duties are performed occurs. An Hour of Service as defined in clause (ii) shall be credited to the Participant for the applicable Computation Period to which the award or agreement pertains rather than the Computation Period in which the award, agreement or payment is made. The same Hour of Service shall not be credited under both clauses (i) and (ii). Hours of Service credited for reasons other than for the performance of duties shall be computed in accordance with Section 2530.200b-2 of the Department of Labor Regulations.

(j) "Interest" means interest on any given amount, at the rate of 5% compounded annually.

(k) "MUPF Participant" means a City Light Employee who was covered on February 28, 1975 by the MUPF Plan and who becomes an employee of I&M on March 1, 1975. The benefits for a MUPF Participant shall be determined under Article II.

(l) "MUPF Plan" means the Municipal Utilities Pension Fund maintained by Fort Wayne (as set forth in Exhibit A attached hereto).

(m) "Normal Retirement Date" means the first day of the calendar month nearest the 65th birthday of a Participant.

(n) "One-Year Break in Service" means the failure of a Participant to complete more than 500 Hours of Service for his Employer during any Computation Period.

(o) "Participant" means, as the context may require, a MUPF Participant or a PERF Participant, or both.

(p) "Pension Fund" means the fund, described in Section 1 of Article IV, to which I&M will make contributions and from which generally the benefits provided by this Agreement will be paid.

(q) "PERF Participant" means a City Light Employee who was covered on February 28, 1975 by the PERF Plan and who becomes an employee of I&M on March 1, 1975. The benefits for a PERF Participant shall be determined under Article III.

(r) "PERF Plan" means the Public Employees' Retirement Fund maintained by the State of Indiana (as set forth in Exhibit B attached hereto).

(s) "Plan" means the Pension Plan and Funding Agreement between the City of Fort Wayne and Indiana & Michigan Electric Company, as set forth herein or as amended from time to time.

(t) "Plan Year" means the 12-month period commencing on March 1, 1975 and each anniversary thereof.

(u) "Qualified Joint and Survivor Annuity" means an annuity payable monthly for the life of the Participant with a survivor annuity for the life of his spouse which is 50% of the amount of the annuity payable during the joint lives of the Participant and his spouse and which is the Actuarial Equivalent of the benefit otherwise payable to the participant.

(v) "Year of Future Service" means the completion by a Participant during any applicable Computation Period of at least 1,000 Hours of Service for any Employer.

(w) "Year of Service" means, as the context may require, a Year of Future Service or a Year of Past Service, or both.

(x) "Years of Combined Service" means the sum of a Participant's number of Years of Past Service and number of Years of Future Service.

(y) "Years of Past Service" means a Participant's period of service, determined on February 28, 1975, during which he was covered by the MUPF or PERF Plans, as the case may be. The determination shall be made by applying the rules relating to breaks in service under the MUPF or PERF Plans. In the case of a MUPF Participant, service shall be computed to completed twelfths of a year, and in the case of a PERF Participant, service shall be completed to the nearest twelfth of a year.

(z) As the context may require, a masculine term shall include a feminine term, a feminine term shall include a masculine term, a singular term shall include a plural term, and a plural term shall include a singular term.

Section 4 - Purpose of Agreement. The general purposes of this Agreement are (i) to establish a pension plan to provide benefits to be paid to a Participant for his Years of Past Service and (ii) to provide for the funding of such benefits. For Years of Future Service, all City Light Employees will be covered by the American Electric Power System Retirement Plan ("AEP Plan") and benefits for all Years of Future Service will be determined under the AEP Plan.

Section 5 - Status of MUPF and PERF Plans.

(a) Except as otherwise expressly provided in this Agreement, all City Light Employees, upon becoming employees of I&M, (i) shall cease being covered members of the MUPF and PERF Plans, (ii) shall cease making contributions to the MUPF and PERF Plans, (iii) shall have their benefits for their Years of Past Service determined solely under this Agreement and (iv) shall have their benefits paid solely from the Pension Fund. The term "Agreement" includes the MUPF and PERF Plans attached hereto as Exhibits A and B. Any subsequent changes in the MUPF and PERF Plans shall not affect the computation of any benefits, or the computation of any reductions in benefits, as otherwise provided in this Agreement.

(b) Although such City Light Employees will no longer be covered members of the MUPF and PERF Plans, the benefits for Years of Past Service described in this Agreement are generally based upon, and in some instances determined by specific reference to, the terms of the MUPF and PERF Plans. However, whenever this Agreement describes benefits which differ from the benefits under the MUPF and PERF Plans, the provisions of this Agreement shall prevail over the provisions of the MUPF and PERF Plans.

(c) In general, benefits determined under this Agreement are equal to the benefits provided under the MUPF and PERF Plans. Where appropriate, certain schedules have been modified in order to provide benefits commencing with one Year of Past Service. In general, a MUPF Participant with 20 Years of Combined Service will acquire a vested benefit determined under the MUPF Plan, and a PERF Participant with 10 Years of Combined Service will acquire a vested benefit determined under the PERF Plan, but such benefits will be computed by using only his number of Years of Past Service.

(d) Except as otherwise expressly provided in this Agreement, nothing contained herein shall be construed as creating any benefits payable to a Participant (or his beneficiary) under the MUPF or PERF Plans which would not be payable in the absence of this Agreement.

Section 6 - Compliance with Applicable Law. The parties recognize that this Agreement is designed to provide pension benefits for the Past Service of the City Light Employees and that such benefits are generally based upon the provisions of the MUPF and PERF Plans. The parties also recognize that the MUPF and PERF Plans were not required to comply with any Federal standards relating to vesting, funding and certain other matters. To the extent that the Employee Retirement Income Security Act of 1974 (Public Law 93-406), or any other applicable Federal or state legislation, invalidates or otherwise requires any change in the terms of this Agreement, the parties agree to make all such amendments to this Agreement as may be required in order to comply with applicable law. If any such amendments are required, to the extent that the parties are afforded any choices or options in making the amendments, the parties shall endeavor to select the least costly amendment.

Section 7 - Approval by Internal Revenue Service. I&M intends to apply to the Internal Revenue Service for a ruling or determination (i) that the pension plan contained in this Agreement constitutes a qualified employees plan and (ii) that the Pension Fund is exempt from Federal income tax and I&M's contributions to the Pension Fund will be currently deductible. The parties agree to make all such amendments to this Agreement as may be required by the Internal Revenue Service in order to obtain such a favorable ruling or determination.

Section 8 - Years of Service Taken Into Account. Except as provided in the next sentence of this Section, in determining whether a Participant has completed a specified number of Years of Combined Service, every Year of Service shall be taken into account. In the case of a Participant who incurs a One-Year Break in Service after March 1, 1975 and before he has completed at least 10 Years of Combined Service, Years of Combined Service before the break shall be disregarded if the number of consecutive One-Year Breaks in Service equals or exceeds the aggregate number of Years of Combined Service completed prior to such break.

Section 9 - Commencement of Benefits. Notwithstanding any other provisions in this Agreement, the payment of benefits to a Participant will begin no later than the 60th day after the close of the Plan Year in which the Participant attains age 65 or terminates his service with the Employer, whichever occurs later.

Section 10 - Limitation on Benefits. Notwithstanding any other provisions in this Agreement, the annual benefit of a Participant shall not exceed the lesser of (i) $75,000 or (ii) 100% of his average total compensation for the three consecutive years of service for which he has the highest average total compensation. The $75,000 limitation in clause (i) shall be adjusted annually for increases in the cost of living as prescribed by the Commissioner of Internal Revenue. For purposes of the $75,000 limitation, a Participant's annual benefit shall be determined (i) by disregarding any portion of such benefit which is attributable to his own contributions under the MUPF or PERF Plans and (ii) by adjusting such benefit, if paid in a form other than a single life annuity or a Qualified Joint and Survivor Annuity, to the Actuarial Equivalent of a single life annuity.

ARTICLE II - BENEFITS FOR PARTICIPANTS FORMERLY COVERED BY THE MUPF PLAN

Section 1 - In General.

(a) All benefits provided under this Article II shall be determined by reference to either (i) the terms of the MUPF Plan or (ii) the provisions of Appendix I, as the case may be.

(b) Although the employment by I&M on March 1, 1975 of a City Light Employee shall terminate his coverage under the MUPF Plan, such employment shall nevertheless be treated under the MUPF Plan as a mere continuation of his employment with the Electric System and shall not be treated as an event entitling him to any refund of his contributions.

(c) The provisions of this Agreement shall not be applicable to any Participant who voluntarily elects to terminate his participation in the MUPF Plan by applying for and receiving a refund of his contributions under the MUPF Plan from the trustees of the MUPF Plan.

Section 2 - Normal Retirement Benefit. A Participant who retires on his Normal Retirement Date shall receive a benefit commencing on his Normal Retirement Date, determined under Appendix I based upon his number of Years of Past Service. If a Participant remains in the service of an Employer after his Normal Retirement Date, (i) his benefits shall commence on the first day of the month following his actual retirement and (ii) the amount of his benefits shall be the same as that which would have been payable if he had retired on his Normal Retirement Date.

Section 3 - Early Retirement Benefit. A Participant who has attained age 60 and completed 20 Years of Combined Service may retire prior to his Normal Retirement Date, as follows:

(a) Commencing on a Participant's Early Retirement Date, he shall receive a benefit determined under Appendix I, based upon his number of Years of Past Service.

(b) The benefits determined under Paragraph (a) shall be reduced by 1/4% for each month by which a Participant's Early Retirement Date is earlier than his Normal Retirement Date. However, in the case of any Participant with at least 15 Years of Past Service who has attained age 55 on March 1, 1975, the foregoing reduction shall not exceed the amount (if any) by which the sum of

(i) his benefit payable under this Section 3 (after applying the reduction under the preceding sentence), plus

(ii) his benefit (if any) payable under the AEP Plan

exceeds the benefit he would have received under the MUPF Plan had he retired on February 28, 1975, it being intended that the aggregate benefits payable to a Participant under this Plan and the AEP Plan upon early retirement shall in no event be less than the benefit payable under the MUPF Plan.

Section 4 - Disability Benefit. A Participant (other than one eligible for an early retirement as provided in Section 3 of this Article II) who has completed at least 10 Years of Combined Service may retire at any time prior to age 65 as a result of a total disability and shall receive a benefit, commencing on the first day of the calendar month following the date of his retirement, determined under Appendix I, based upon his number of Years of Past Service.

Section 5 - Vested Termination of Employment. A Participant (other than one described in Sections 3 or 4 of this Article II) who terminates his employment after completing at least 20 Years of Combined Service, shall receive the following benefits:

(a) A benefit, commencing on his Normal Retirement Date, determined under Appendix I, based upon his number of Years of Past Service.

(b) He may elect to advance the starting date of his benefits to the first day of any month after his 60th birthday. In such case his benefits shall be the Actuarial Equivalent of the benefit determined under Paragraph (a).

(c) If he withdraws his contributions under the MUPF Plan, the benefit provided under Paragraph (a) shall be only his Employer Provided Benefit.

(d) If he is married on the day his benefits commence, his benefits shall be paid in the form of a Qualified Joint and Survivor Annuity, except that at any time by a written notice to his Employer he may elect to have his benefits paid without regard to the provisions of this Paragraph.

Section 6 - <u>Non-vested Termination of Employment</u>. Upon any other termination of employment of a Participant, if he is not otherwise entitled to any benefits determined under any other Sections of this Article II, he shall receive a refund of his Accumulated Contributions with Interest to the end of the month in which he terminates his employment. Subject to the conditions stated in the next sentence, upon any subsequent reemployment by the Employer, he shall be permitted to repay the distribution he received upon his termination of employment. The repayment shall be made to the Pension Fund and must be made (i) within five years after the distribution or two years after his reemployment, whichever is earlier, and (ii) with interest at the rate of 5% compounded annually and computed from the date of the distribution to the date of the repayment. Upon making such repayment, the Participant shall be entitled to receive such benefits (if any) for which he is otherwise eligible as provided in this Article II.

Section 7 - <u>Pre-Retirement Death Benefit</u>. Upon the death of a Participant prior to his retirement, his designated beneficiary shall receive a payment of the greater of (i) $250.00 or (ii) his Accumulated Contributions plus Interest to the end of the month in which his death occurs. Whenever his designated beneficiary is his spouse, this Section shall only be applicable if his spouse elects to receive the benefits provided in this Section in lieu of the benefits provided in Section 8 of this Article II.

Section 8 - <u>Surviving Spouse's Benefit</u>.

(a) Upon the death of a Participant before his retirement, if (i) he has attained age 60 and completed 20 Years of Combined Service and (ii) has named his spouse as his beneficiary, his spouse (if any), provided that she has not elected to receive benefits under Section 7 of this Article II, shall be entitled to receive during her lifetime 50% of the benefits determined under

Section 3 of this Article II which the Participant would have received had he retired on the first day of the month in which he died.

(b) Upon the death of a Participant after his retirement, his spouse (if any) shall be entitled to continue to receive during her lifetime 50% of the benefits determined under Sections 2, 3 or 4 of this Article II which the Participant was receiving at the time of his death.

Section 9 - Proration of Partial Years. In applying the tables in Appendix I, the benefit for a partial Year of Past Service shall be determined by prorating the difference between (i) the annuity which is payable for the number of full Years of Past Service completed and (ii) the annuity which is payable for the next highest number of full Years of Past Service.

ARTICLE III - BENEFITS FOR PARTICIPANTS FORMERLY COVERED BY THE PERF PLAN

Section 1 - In General.

(a) All benefits provided under this Article III, if not specifically described in the various Sections hereof, shall be determined by reference to the PERF Plan.

(b) In general, the benefits under the PERF Plan consist of (i) a retirement annuity and other benefits financed by the employer ("Employer Benefits") and (ii) a separate retirement annuity financed by a member's own contributions ("Employee Financed Annuity"). Except with respect to a "Vested Participant" (as defined in Section 11 of this Article III), the PERF Plan provides generally that a member, upon the termination of his coverage, may either (i) immediately withdraw his contributions (plus interest) or (ii) leave his contributions on deposit in the PERF Plan (for no more than five years) in order to earn additional interest. For convenience, (i) all contributions made by a Participant under the PERF Plan and (ii) all interest (as determined under the PERF Plan) through February 28, 1975 on such contributions, are collectively referred to in this Agreement as "PERF Contributions."

(c) A Vested Participant shall automatically be covered by this Agreement. With respect to any other Participant, this Agreement is applicable only if as soon as practicable he voluntarily withdraws his PERF Contributions from the PERF Plan and as soon thereafter as practicable he deposits those contributions with the Pension Fund. Any such Participant will have his rights to his PERF Contributions (or any benefits purchased by those contributions) determined under the provisions of this Agreement. A Participant who fails to so withdraw his PERF Contributions from the PERF Plan or so deposit his PERF Contributions with the Pension Fund may not subsequently deposit his PERF Contributions with the Pension Fund.

(d) Except with respect to a Vested Participant, the provisions of this Agreement shall not be applicable to a Participant who fails to deposit his PERF Contributions with the Pension Fund, as provided in Paragraph (c). Any such Participant who fails to so deposit his PERF Contributions with the Pension Fund shall not be entitled to any benefits under this Agreement and shall have his rights to a refund of his PERF Contributions (or any other benefits) determined under, and payable solely from, the PERF Plan.

Section 2 - Normal Retirement Benefit.

(a) A Participant who retires on his Normal Retirement Date shall receive a benefit, commencing on his Normal Retirement Date, in the form of a monthly annuity for his life, determined by multiplying (i) 1.1% of his Average Monthly Salary by (ii) his number of Years of Past Service.

(b) If a Participant remains in the service of an Employer after his Normal Retirement Date, (i) his benefits shall commence on the first day of the month following his actual retirement and (ii) the amount of his benefits shall be the same as that which would have been payable if he had retired on his Normal Retirement Date.

Section 3 - Early Retirement Benefit. A Participant who has attained age 60 and has completed at least 10 Years of Combined Service may retire prior to his Normal Retirement Date. Commencing on a Participant's Early Retirement Date, he shall receive a benefit, in the form of a monthly annuity for his life, determined by multiplying (i) 1.1% of his Average Monthly Salary by (ii) his number of Years of Past Service, and then reducing the amount so determined by 1/4% for each month by which his Early Retirement Date is earlier than his Normal Retirement Date.

Section 4 - Disability Benefit. A Participant with at least five Years of Combined Service may retire at any time prior to age 65 as a result of a total disability. The Social Security Administration shall determine whether a Participant qualifies for total disability. Such a Participant shall receive a benefit, commencing on the first day of the calendar month following the date of his retirement, in the form of a monthly annuity for his life, determined by multiplying (i) 1.1% of his Average Monthly Salary by (ii) his number of Years of Past Service. The amount so determined shall be payable without regard to the age of a Participant and shall not be subject to any actuarial reduction, it being intended that every Participant who retires for disability shall be treated as if he was age 65 at the time of his retirement.

Section 5 - Vested Termination of Employment. A Participant (other than one described in Sections 2, 3 or 4 of this Article III) who terminates his employment after completing at least 10 years of Combined Service, shall receive the following benefits:

(a) A benefit, commencing on his Normal Retirement Date, in the form of a monthly annuity for his life, determined by multiplying (i) 1.1% of his Average Monthly Salary by (ii) his number of Years of Past Service.

(b) If he has completed at least 10 Years of Combined Service he may elect to advance the starting date of his benefits to the first day of any month after his 60th birthday. In such case his benefits shall be the Actuarial Equivalent of the benefit determined under Paragraph (a).

(c) If he withdraws his contributions under the PERF Plan, the benefit provided under Paragraph (a) shall be only his Employer Provided Benefit.

Section 6 - Non-vested Termination of Employment. Upon any other termination of employment of a Participant, if he is not otherwise entitled to any benefits determined under any other Sections of this Article III, he shall receive a refund of his Accumulated Contributions with Interest to the end of the month in which he terminates his employment. Subject to the conditions stated in the next sentence, upon any subsequent reemployment by the Employer, he shall be permitted to repay the distribution he received upon his termination of employment. The repayment shall be made to the Pension Fund and must be made (i) within five years after the distribution or two years after his reemployment, whichever is earlier, and (ii) with interest at the rate of 5% compounded annually and computed from the date of the distribution to the date of the repayment. Upon making such repayment, the Participant shall be entitled to receive such benefits (if any) for which he is otherwise eligible as provided in this Article III.

Section 7 - Form of Benefits.

(a) Whenever a Participant is entitled to a benefit expressed in terms of an annnuity for his life, he may elect such optional forms of benefits as are permitted under the terms of the PERF Plan, upon compliance with all of the requirements set forth in the PERF Plan for making such election. However, a Participant who is entitled to receive any Employer Benefits from the PERF Plan, as provided in Section 11 of this Article III, must elect the same form of benefits under this Article III that he elected under the PERF Plan.

(b) If a Participant is married on the day his benefits commence, his benefits shall be paid in the form of a Qualified Joint and Survivor Annuity, except that at any time by a written notice to his Employer he may elect to have his benefits paid without regard to the provisions of this Paragraph.

Section 8 - Pre-Retirement Death Benefit.

(a) Upon the death of a Participant prior to his retirement, if he (i) has completed at least 10 Years of Combined Service, (ii) has a spouse to whom he has been married for at least one year and (iii) has named his spouse as his beneficiary, his spouse, provided that she has not elected to receive benefits under Section 10 of this Article III, shall be entitled to receive a monthly benefit for her life. The amount of the benefit shall be equal to the benefit she would have received under the provisions of Paragraph (b) if (i) the Participant had retired on the day of his death and (ii) had elected the 100% joint and full survivor benefit, as provided in the PERF Plan.

(b) Solely for purposes of Paragraph (a), (i) a Participant may retire regardless of his age and (ii) a Participant who has not attained age 50 shall be deemed to be age 50 at the time of his death. Solely for purposes of Paragraph (a), the retirement benefit payable to a Participant at the time of his death shall be a monthly annuity for his life, determined by multiplying (i) 1.1% of his Average Monthly Salary by (ii) his number of Years of Past Service, and then reducing the amount so determined as follows: if a Participant has attained age 60 at the time of his death, the reduction shall be 1/4% for each month by which the date of his death is earlier than his Normal Retirement Date; if a Participant has not attained age 60 at the time of his death, the reduction shall be 15% plus an additional 1/2% for each month (not to exceed 120 months) by which the date of his death is earlier than age 60.

(c) Except as provided in Section 10 of this Article III, no other benefit shall be paid upon the death of a Participant prior to his retirement.

Section 9 - Post Retirement Death Benefit. Upon the death of a Participant after his retirement, if he was then receiving any benefits his designated beneficiary or spouse, as the case may be, shall receive a benefit, if any, as provided in Section 7 of this Article III.

Section 10 - Employee Financed Annuity.

(a) In addition to all other benefits described in this Article III, upon his retirement a Participant shall also receive a benefit, commencing on the first day of the month following his actual retirement, in the form of a monthly annuity for his life. The amount of the annuity for each Participant shall

depend upon (i) the amount of the Participant's PERF Contributions plus Interest, (ii) the Participant's age at the time of retirement and (iii) the Participant's sex. The amount of the annuity will vary with each Participant, it being intended that the Employee Financed Annuity shall be the Actuarial Equivalent of his PERF Contributions plus Interest to the date of retirement.

(b) Upon the death of a Participant prior to his retirement, his designated beneficiary shall receive a payment of his Accumulated Contributions plus Interest to the end of the month in which his death occurs. Whenever his designated beneficiary is his spouse, the preceding sentence shall only be applicable if his spouse elects to receive such payment in lieu of the benefits provided in Section 8 of this Article III.

Section 11 - Vested Participants under PERF Plan.

(a) A Participant with at least 15 Years of Past Service who has attained age 50 on February 28, 1975 ("Fully Vested Participant") has a non-forfeitable right to certain Employer Benefits determined under, and payable from, the PERF Plan ("Fully Vested Benefits"). The PERF Plan provides that a Fully Vested Participant may not withdraw his PERF Contributions at any time. A Fully Vested Participant is entitled to receive at any time (upon making an appropriate application) his Employer Benefits and Employee Financed Annuity from the PERF Plan.

(b) A Participant who does not satisfy the age and service requirements of Paragraph (a) but who has at least 10 Years of Past Service ("Conditionally Vested Participant") has a conditional right to receive an Employer Benefit determined under, and payable from the PERF Plan, in the form of a monthly annuity for his life commencing at age 65 ("Conditional Annuity"). The PERF Plan provides that a Conditionally Vested Participant must leave his PERF Contributions on deposit with the PERF Plan until he is age 65 in order to obtain his Conditional Annuity (at which time he will also receive his Employee Financed Annuity) and that any prior withdrawal of his PERF Contributions (or his death prior to attaining age 65) will cause a complete forfeiture of his Conditional Annuity.

(c) For convenience, the Fully Vested Participants and Conditionally Vested Participants are sometimes referred to collectively as "Vested Participants" and the Fully Vested Benefits and Conditional Annuity are sometimes referred to collectively as "Vested Benefits."

Section 12 - Reduction for Benefits Paid or Payable by PERF Plan. In order to avoid a duplication of benefits, the amount of benefits otherwise payable to a Vested Participant (or his beneficiary) under the provisions of this Article III shall be reduced by any Vested Benefits payable directly from the PERF Plan. To the extent that the Vested Benefits payable under the PERF Plan do not commence when benefits from the Pension Fund commence, (i) the reduction for a Fully Vested Participant (or his beneficiary) shall be calculated and applied as if the Fully Vested Benefits were paid at the same time as the benefits from the Pension Fund and (ii) the reduction for a Conditionally Vested Participant (or his beneficiary) shall be applied only if, as and when the Conditional Annuity is actually paid from the PERF Plan.

ARTICLE IV - FUNDING, PAYMENT OF BENEFITS AND MODIFICATION OF LEASE AGREEMENT

Section 1 - In General. I&M will enter into an agreement with The Lincoln National Life Insurance Company ("Lincoln") to provide for the funding of the benefits provided under this Agreement. For convenience, such funding agreement is referred to in this Article IV as the "Pension Fund."

Section 2 - Payment of Benefits. Except as expressly provided in this Agreement, all benefits described in this Agreement shall be paid from the Pension Fund and not by either of the parties. Any refund of a Participant's contributions under the provisions of the MUPF Plan shall be paid from the Pension Fund and not from the MUPF Plan. Any (i) refund of a Participant's PERF Contributions or (ii) Employee Financed Annuity, shall be paid from either the Pension Fund or the PERF Plan, depending upon whether or not a Participant deposited his PERF Contributions with the Pension Fund, as provided in Article III. Vested Benefits shall be paid from the PERF Plan.

Section 3 - Funding of Benefits.

(a) I&M shall contribute to the Pension Fund the amount necessary to fund all of the benefits described in this Agreement (including any amendments required by Sections 6 and 7 of Article I) which are to be paid from the Pension Fund. For convenience, the "amount necessary to fund all of the benefits" is sometimes referred to as the "Past Service Liability." Specifically included in the Past Service Liability is a refund of contributions under the MUPF Plan. Specifically excluded from the Past Service Liability are (i) a refund of contributions under the PERF Plan and an Employee Financed Annuity (regardless of whether any Participant deposited his PERF Contributions with the Pension Fund), it being intended that any such benefits payable from the Pension Fund will be financed solely by the PERF Contributions, and not by any contributions by I&M, and (ii) Vested Benefits under the PERF Plan, it being intended that such Vested Benefits shall be paid by the PERF Plan and shall reduce the amount of the benefits otherwise payable from the Pension Fund.

(b) The Past Service Liability shall be determined by Lincoln. I&M will make level contributions to the Pension Fund, in annual or more frequent installments, in the amounts necessary to fully amortize the Past Service Liability over a 10-year period commencing on March 1, 1975.

Section 4 - Reduction of Lease Rentals. I&M shall recoup all of its contributions to the Pension Fund by reducing the rentals otherwise due under Article VI of the Lease Agreement, it being intended that Fort Wayne shall bear the economic burden of the Past Service Liability. I&M shall deduct the amount of each contribution to the Pension Fund from the next monthly rental payment (or payments) required under the Lease Agreement, following the dates on which I&M actually makes each contribution.

Section 5 - Modification of Lease Agreement. To the extent that any of the provisions of this Agreement are inconsistent with the provisions of the Lease Agreement (especially Article III thereof), this Agreement shall constitute an amendment of the Lease Agreement.

Section 6 - Termination or Partial Termination of Plan. Upon the termination or partial termination of the Plan, the rights of all affected Participants to their accrued benefits, determined as of the date of such termination or partial termination, shall to the extent funded as of such date be non-forfeitable. Upon the termination of the Plan, the Employer shall cause the assets of the Pension Fund to be allocated among the Participants and their beneficiaries in the following order of priority to the extent of the sufficiency of such assets:

(a) First, to that portion of each Participant's accrued benefit which is derived from his own contributions to the MUPF or PERF Plans;

(b) Second, to (i) benefits which were in pay status as of the beginning of the three-year period ending with the termination date of the Plan and (ii) benefits which would have been in pay status as of the beginning of such three-year period of a Participant who was then eligible for early or normal retirement had actually retired prior to the beginning of such three-year period and his annuity had commenced as of the beginning of such period;

(c) Third, to benefits which are guaranteed by the Pension Benefit Guaranty Corporation, as provided in Section 4022 of the Employee Retirement Income Security Act of 1974 (or any other applicable law);

(d) Fourth, to all other non-forfeitable benefits (other than those benefits which become non-forfeitable solely as a result of the termination of the Plan); and

(e) Fifth, to all other benefits.

Section 7 - Merger, Consolidation or Transfer of Assets. The Plan shall not merge or consolidate with, or transfer its assets or liabilities to, any other plan unless each Participant of the Plan would (if such other plan then terminated) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer (if the Plan had then terminated).

Section 8 - Assignment of Benefits. Except as otherwise provided by any applicable Federal law or regulation, benefits provided under the Plan may not be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process.

Section 9 - Forfeitures. Whenever under the provisions of Article II or III there is a forfeiture of all or any part of a Participant's Employer Provided Benefit, the amounts forfeited shall be used as soon as practicable to reduce I&M's contributions to the Pension Fund and shall not be applied to increase the benefits of any Participants.

Section 10 - Limitation of Funding of Benefits for PERF Participants. Solely for purposes of Sections 3 and 4 of this Article IV and notwithstanding the provisions of Section 1 of this Article IV, the Average Monthly Salary of a PERF Participant shall not be determined any later than March 1, 1981. I&M shall not be required to contribute to the Pension Fund, and Fort Wayne shall not bear the economic burden, with respect to any benefit that is based upon an Average Monthly Salary for a PERF Participant which is greater than his Average Monthly Salary determined on March 1, 1981. In the case of any PERF Participant who remains in the service of any Employer after March 1, 1981, I&M agrees to provide, at its sole cost and expense (and from sources which may be other than the Pension Fund), a benefit to a PERF Participant equal to the excess of (i) the benefit computed by using his Average Monthly Salary, determined by taking into account months after February, 1981, over (ii) the benefit computed by determining his Average Monthly Salary on March 1, 1981.

IN WITNESS WHEREOF, the City of Fort Wayne has caused its corporate name to be hereunto affixed, and this instrument to be signed, sealed and delivered by the Mayor thereunto duly authorized, and attested by its City Clerk in behalf of the City, and its seal to be affixed; and Indiana & Michigan Electric Company has likewise caused its corporate name to be hereunto affixed, and this instrument to be signed, sealed and delivered by its President and attested by its Assistant Secretary thereunto duly authorized, and its corporate seal to be affixed, all on the day and year first above written; this Agreement being executed in duplicate.

CITY OF FORT WAYNE

By ______________________
Winfield Moses, Jr.
Mayor

ATTEST:

____
Charles Westerman
City Clerk

INDIANA & MICHIGAN ELECTRIC COMPANY

By William A. Black
William A. Black
President

ATTEST:

____
Allen H. Stuhlmann
Assistant Secretary

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

I, Rhonda P. Andrews, a Notary Public in and for the County and State aforesaid, duly commissioned and qualified, do hereby certify that, on this 30th day of June, 1981, before me personally appeared Winfield Moses, Jr. and Charles Westerman, to me well known and personally known to me to be, respectively, the Mayor and City Clerk of the City of Fort Wayne, a municipal corporation of the State of Indiana, a party to the foregoing Pension Plan and Funding Agreement, and the persons who, as such Mayor and City Clerk, respectively, of said City, executed the said Agreement in the name and for and on behalf of said City of Fort Wayne; and said Winfield Moses, Jr. and Charles Westerman, acknowledged that, as such Mayor and City Clerk, respectively, of said City of Fort Wayne, they executed the said Agreement in the name and for and on behalf of said City as their free and voluntary act and deed and the free and voluntary act and deed of said City, pursuant to due and proper authorization of the Common Council of said City in accordance with the law in such case made and provided.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, on the day, month and year aforesaid.

Rhonda P. Andrews
Notary Public

My Commission expires:

January 27, 1984

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

I, Phyllis E. Buchan, a Notary Public in and for the County and State aforesaid, duly commissioned and qualified, do hereby certify that, on this 10th day of July, 1981, before me personally appeared William A. Black and Allen H. Stuhlmann, to me well known and personally known to me to be, respectively, the President and an Assistant Secretary of Indiana & Michigan Electric Company, a corporation of the State of Indiana, a party to the foregoing Pension Plan and Funding Agreement, and the persons who, as such President and Assistant Secretary, respectively, of said Company, executed the said Agreement in the name and for and on behalf of said Company; and said William A. Black and Allen H. Stuhlmann, acknowledged that, as such President and Assistant Secretary, respectively, of said Company, they executed the said Agreement in the name and for and on behalf of said Company as their free and voluntary act and deed and the free and voluntary act and deed of said Company, pursuant to due and proper authorization of the Board of Directors of said Company in accordance with the law in such case made and provided.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, on the day, month and year aforesaid.

Phyllis E. Buchan
Notary Public

My Commission expires:
April 27, 1982

APPENDIX I

CERTAIN BENEFITS PAYABLE TO PARTICIPANTS FORMERLY COVERED BY THE MUPF PLAN

Normal and Early Retirement and Vested Termination of Employment

A monthly annuity for the life of a Participant, based upon his number of Years of Past Service, determined in accordance with the following table:

No. of years of service	Annuity	No. of years of service	Annuity
1	$ 7.00	21	$146.50
2	14.00	22	153.00
3	21.00	23	159.50
4	28.00	24	166.00
5	35.00	25	172.50
6	42.00	26	179.00
7	49.00	27	185.50
8	56.00	28	192.00
9	63.00	29	198.50
10	70.00	30	205.00
11	77.00	31	211.50
12	84.00	32	218.00
13	91.00	33	224.50
14	98.00	34	231.00
15	105.00	35	237.50
16	112.00	36	244.00
17	119.00	37	250.50
18	126.00	38	257.00
19	133.00	39	263.50
20	140.00	40	270.00

Disability

A monthly annuity for the life of a Participant, based upon his number of Years of Past Service, determined in accordance with the following table:

No. of years of service	Annuity	No. of years of service	Annuity
1	$ 9.10	19	$104.50
2	18.20	20	106.00
3	27.30	21	107.50
4	36.40	22	109.00
5	45.50	23	110.50
6	54.60	24	112.00
7	63.70	25	113.50
8	72.80	26	115.00
9	81.90	27	116.50
10	91.00	28	118.00
11	92.50	29	119.50
12	94.00	30	121.00
13	95.50	31	122.50
14	97.00	32	124.00
15	98.50	33	125.50
16	100.00	34	127.00
17	101.50	35	128.50
18	103.00		

EXHIBIT A

Municipal Utilities Pension Fund

City County Building Fort Wayne, Indiana 46802

Privileges and Benefits of Members

The applicant must have attained the age of fifty-five (55) years to be eligible for pension.

Assessments

Not less than $8.00 or more than $18.00 per month (as recommended by the Trustees and approved by the Board of Works).

Refunds

In the event that a member of such Municipal Utilities Pension Fund severs connection with the Utilities for any reason except death, disability pension or when retired on pension, he shall, after signing an application for refund of pension, receive a refund equal to sixty-six and two-thirds percent (66-2/3%) of his pension contribution paid into the Pension Fund after March 31, 1943.

Pension

To the payment of such member of such Public Utility Pension Fund who shall have been in the service of such City, in any such Utility and a member of such Pension Fund for twenty years or more and who shall have attained the age of fifty-five years.

Amount of Pension

Years of Service	Pension per Month
20 years 1 day to 21 years	$140.00
21 years 1 day to 22 years	146.50
22 years 1 day to 23 years	153.00
23 years 1 day to 24 years	159.50
24 years 1 day to 25 years	166.00
25 years 1 day to 26 years	172.50
26 years 1 day to 27 years	179.00
27 years 1 day to 28 years	185.50
28 years 1 day to 29 years	192.00
29 years 1 day to 30 years	198.50
30 years 1 day to 31 years	205.00
31 years 1 day to 32 years	211.50
32 years 1 day to 33 years	218.00
33 years 1 day to 34 years	224.50
34 years 1 day to 35 years	231.00
35 years 1 day to 36 years	237.50
36 years 1 day to 37 years	244.00
37 years 1 day to 38 years	250.50
38 years 1 day to 39 years	257.00
39 years 1 day to 40 years	263.50
More than 40 years 1 day	270.00

Cont'd....

Total Disability

To the payment of such member of such Public Utility Pension Fund who shall have been in the service of such Utility and a member of said Pension Fund for ten years or more and who has become totally disabled from any cause whatsoever to the extent that he or she is unable to perform the duties of the occupation required of him or her by the Utility or any other gainful occupation, his or her compensation or wages shall not exceed three thousand dollars ($3,000.00) per annum.

Years of Service	Pension per Month
10 years 1 day to 11 years	$ 91.00
11 years 1 day to 12 years	92.50
12 years 1 day to 13 years	94.00
13 years 1 day to 14 years	95.50
14 years 1 day to 15 years	97.00
15 years 1 day to 16 years	98.50
16 years 1 day to 17 years	100.00
17 years 1 day to 18 years	101.50
18 years 1 day to 19 years	103.00
19 years 1 day to 20 years	104.50
20 years 1 day to 21 years	106.00
21 years 1 day to 22 years	107.50
22 years 1 day to 23 years	109.00
23 years 1 day to 24 years	110.50
24 years 1 day to 25 years	112.00
25 years 1 day to 26 years	113.50
26 years 1 day to 27 years	115.00
27 years 1 day to 28 years	116.50
28 years 1 day to 29 years	118.00
29 years 1 day to 30 years	119.50
30 years 1 day to 31 years	121.00
31 years 1 day to 32 years	122.50
32 years 1 day to 33 years	124.00
33 years 1 day to 34 years	125.50
34 years 1 day to 35 years	127.00
Over 35 years 1 day	128.50

Right of Survivor

The surviving spouse shall receive one-half (1/2) of the pension the member received or would have received, if on pension. If there is no eligible widow or widower, then the amount will be paid any surviving children under the age of 18 and unmarried.

Death Benefit

The payment of not less than two hundred fifty dollars ($250.00). A greater amount may be paid after recommendation by the Board of Trustees and approved by the Board of Works, but not more than the total amount of assessments paid in by the employee less any benefits received.

Board of Trustees

EXHIBIT B

INDIANA
PUBLIC EMPLOYEES'
RETIREMENT FUND

EMPLOYEE HANDBOOK

1974

OTIS R. BOWEN, M.D., Governor

FOREWORD

To all of us there comes a day when we can no longer physically produce income for our wants and needs. Therefore, a new or supplemental source of income must be available to us so that we do not become a burden to our society.

The social security benefit financed by you and your employer is the most common retirement income. The Public Employees' Retirement Fund is another method of providing this necessary income and is in addition to your social security benefit.

This handbook has been published in the hope that you may have a better understanding of your retirement fund and consequently what you and your employer, working together, can accomplish during the coming years.

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PUBLIC EMPLOYEES' RETIREMENT FUND

Every employee is concerned about dollars—now and in the future.

Dollars are particularly important when you consider:

1. Retirement
2. Death
3. Serious illness or injury.

These are of personal concern to you, and you are interested in providing adequate income in each case.

The Public Employees' Retirement Fund of Indiana (PERF) is designed to help you provide dollars to meet these three personal needs. This booklet presents a summary of the most important provisions of PERF and explains how the plan works for you as a member of PERF.

WHAT IS PERF?

The Public Employees' Retirement Fund was established by an act of the 1945 General Assembly of the State of Indiana. The purpose of PERF is to "provide an orderly means whereby employees of the State of Indiana and the Municipalities thereof may be retired from active service without prejudice and without inflicting a hardship upon the employees retired . . ."

PERF is administered by a five member Board of Trustees appointed by the Governor. One member of this Board must be a member of PERF with at least ten years of service credit.

The cost of administering PERF is met by funds other than those paid by the participants.

WHO IS ELIGIBLE TO PARTICIPATE?

1. All full time employees (600 hours per year or more) of the State of Indiana.
2. All employees occupying positions covered by the governing body of a municipal unit of government.

WHEN CAN I PARTICIPATE?

If you wish, you can participate immediately from the beginning date of employment or you can delay participation for one year. However, you must join PERF after one year of employment.

You choose the date you want to enter the program at the time of employment.

If you have previously participated in PERF, you must begin participation immediately.

If you cannot earn at least ten years of service by age 70, you may waive permanently your right to participate in the plan.

WHEN YOU BECOME A MEMBER OF PERF . . .

You will complete a Membership Record which is used to establish your account and which is kept by PERF as a part of your permanent record.

You will name a beneficiary, the person who will receive the money in your account in the event of your death before retirement. You may name only one person as beneficiary and one person as contingent beneficiary. It is important to keep the beneficiary designation up to date.

You will receive a Certificate of Membership. This is a valuable paper as it is evidence of the years of service credited to your account in PERF.

WHAT WILL PERF COST ME?

Your contribution is three percent of your salary. This amount is deducted by your employer from each of your paychecks.

The value of food, housing and overtime pay is considered as part of your salary.

WHERE ARE MY CONTRIBUTIONS RETAINED

Your contributions are forwarded to the State of Indiana—Public Employees' Retirement Fund. They are deposited in a savings account in your name.

Interest is credited to your account each year based on the actual investment income earned by the Fund.

Once a year you will receive a statement reporting the amount on deposit in your account. You cannot receive a refund, borrow or pledge your contributions, while employed in a position covered by PERF.

NOW LET'S CONSIDER YOUR RETIREMENT BENEFITS

There are two parts to the PERF retirement benefit. The larger part, called the Employer Pension, is purchased by the employer and is based on your length of employment and average salary.

The other part, called the Employee Annuity, is based on the amount of your contributions plus interest.

If you have ten or more years of service credit, you are entitled to a retirement benefit at age 65.

With 15 or more years of service credit, you can take retirement as early as age 50. However, the earlier the age of retirement, the greater the reduction in the monthly retirement benefit.

WHAT DETERMINES HOW MUCH I WILL RECEIVE AT RETIREMENT?

There are several factors that will affect the amount of benefits you will receive at retirement.

I SERVICE CREDIT

The amount of the PERF benefit increases with the number of years you are employed. Service credit may be earned under any or all of the following four categories:

PRIOR SERVICE

If you are a state employee, credit will be given for previous service rendered with the State of Indiana.

If you are an employee of a municipality, credit will be given for previous service rendered with that municipality.

Credit may be earned for teaching in the public schools of Indiana and for employment in certain local units of government.

Credit is not given if you are receiving a retirement benefit based on prior employment.

MEMBERSHIP SERVICE

You will earn service credit from the date of employment in an eligible position even though you elected the optional one-year waiting period.

MILITARY SERVICE

A member of PERF who enters one of the

armed services of the United States "during time of war" (after 16 September 1940) and who does not withdraw his contributions from PERF, may receive service credit for the time spent in military service if he returns to employment with his former employer within 120 days after his unconditional discharge.

LEAVE OF ABSENCE

You can receive service credit during official leaves of absence without pay, but not more than six months every four years.

II AVERAGE SALARY

The amount of the Employer Pension is based in part on your average salary. The higher your average salary, the higher your Employer Pension.

Your average salary for purposes of determining the benefit at retirement is the average of the highest five years' earnings during the last ten years of employment.

There is no maximum on the amount of earnings that can be used to compute the average salary figure.

III AGE AT RETIREMENT

If you retire at age 65 with at least ten years of service credit, you qualify for the regular retirement benefits.

If you retire before age 65, you can expect to receive a greater number of monthly payments. Consequently, the amount of each monthly payment will be less than at age 65. The percentages of reduction are shown in the following table:

NOTE: You Must Have A Minimum of 15 Years Service For Early Retirement

Retirement Age.	Reduction	Retirement Age	Reduction
64	1.2%	57	24.0%
63	2.4	56	30.0
62	3.6	55	36.0
61	4.8	54	42.0
60	6.0	53	48.0
59	12.0	52	54.0
58	18.0	51	60.0
		50	66.0

IV VALUE OF YOUR SAVINGS ACCOUNT

The value of your Savings Account at retirement will be the total of your contributions plus accumulated interest. This will determine the amount of your Employee Annuity. You can estimate the value of your account at retirement by using the table below.

This table assumes that:

1. Contributions are made at the required rate of three percent a year.
2. Interest is earned each year at the rate of four percent.
3. The person's hourly rate increases at the rate of three percent a year. (This is not a prediction of future increases, of course, but is merely an attempt to make an allowance for possible future promotions and salary increases).

Starting Hourly Rate	Monthly Rate	Value of Savings Account at End of 10 Years	20 Years	30 Years
$1.50	$260	$1,237	$3,603	$ 8,020
1.75	300	1,525	4,437	9,815
2.00	345	1,705	4,943	10,993
2.25	390	1,909	5,569	12,395
2.50	435	2,215	6,194	13,741
2.75	475	2,389	6,968	15,479
3.00	520	2,557	7,415	16,489

RETIREMENT OPTIONS

The choice of retirement option is an important decision in planning for your retirement. PERF offers a variety of retirement options. Every option provides a life-time

income for you, and all except one—the No Guarantee Option—provides an income to your beneficiary in the event of your early death.

NORMAL RETIREMENT

This option provides you a monthly benefit as long as you live. If you die before receiving benefits for five years, your beneficiary will be paid the monthly benefit for the remainder of the five-year period.

NO GUARANTEE

This option provides the largest monthly benefit during your lifetime. It provides a monthly payment as long as you live, but provides no income to any other person after your death. At age 65, the benefit under this option is about one percent more than that provided under the Normal Retirement Option.

JOINT AND SURVIVOR

This option provides a monthly retirement benefit for your lifetime. By choosing this option, you can provide a lifetime income, payable after your death, to a survivor. You may choose among three Joint and Survivor Options:

A. Full Benefit—If you die before your spouse, she will receive for life the same retirement income you would have received had you lived.

B. Two-thirds Benefit—If you die before your spouse, she will receive for life two-thirds the income you would have received had you lived.

C. Half Benefit—If you die before your spouse, she will receive for life one-half the income you would have received had you lived.

The benefit under the Joint and Survivor Options will be smaller than that provided under the Normal and No Guarantee Options. The reduction will depend upon your age and your spouse's age at retirement. For a man age 65 at retirement and his wife about two years younger, the One-half Joint and Survivor Option will pay about seventeen percent less; the Two-thirds Option about twenty-one percent less; and the Full Option about twenty-nine percent less than the Normal Retirement Option.

To elect one of the Joint and Survivor Options, you must submit a written statement to PERF of your intent to choose such an option at least one year prior to retirement. If this is not done, a Joint and Survivor Option may be elected by submitting a doctor's certificate that you are in average, good health for a person of your age.

INTEGRATION WITH SOCIAL SECURITY

This option permits an individual who retires early to receive a level income as long as he lives. Under this option, if you have sufficient social security coverage to insure benefits from social security at age 62, you may elect to receive increased retirement benefits from PERF until age 62. After age 62, you would receive a smaller benefit from PERF and, of course, would also receive the retirement income from social security at that time.

CASH REFUND ANNUITY

This option provides a monthly retirement benefit for your lifetime. At your death, the Employer Pension and the Employee Annuity are paid under two different methods:

1. Employee Annuity—If you die before you have received the entire amount in your Savings Account, your beneficiary will receive the difference between the value of your account at the time you retired and the amount you have received in monthly benefits.
2. Employer Pension—In case of your death within five years from the date of retirement, your beneficiary will receive the monthly benefits for the remainder of the five-year period.

RETIREMENT BENEFIT FORMULA

The retirement benefit from PERF consists of two parts—the Employer Pension and the Employee Annuity.

EMPLOYER PENSION

The amount of the Employer Pension, Normal Retirement Option, at age 65 for both men and women is calculated on the following basis:

a. Your average salary is computed by using the highest five years' earnings during your last ten years of work. There is no maximum on the amount of earnings that can be used.

b. A "pension base" is determined by multiplying your average salary by 1.1 percent.

c. This pension base is multiplied by the number of years of service credit you have accumulated. The result is the annual amount of your Employer Pension.

If you retire early, the Employer Pension will be reduced by the reduction factors shown in the table on page 4.

EMPLOYEE ANNUITY

The amount of the Employee Annuity is based on the value of your Savings Account at the time you retire, and the cost of purchasing a lifetime income for an individual your age and sex at retirement.

For a man, the cost at age 65 if purchasing an income of $1 a year for the rest of his life is $9.75. For a woman, the cost is $11.08. The costs at other ages are shown below. The value of your Savings Account is divided by the "lifetime income cost" to compute the annual income from the Employee Annuity.

COST OF PURCHASING A LIFETIME INCOME OF $1.00 A YEAR (NORMAL RETIREMENT OPTION)

Age At Retirement	Man	Woman
60	$11.08	$12.31
61	10.82	12.07
62	10.56	11.83
63	10.29	11.59
64	10.02	11.34
65	9.75	11.08
66	9.48	10.82
67	9.21	10.56
68	8.94	10.29
69	8.67	10.02
70	8.40	9.75

The total of the Employer Pension and the Employee Annuity is the amount of your retirement benefit at age 65. This benefit is paid in addition to social security. The benefit will be affected by the retirement option chosen.

RETIREMENT BENEFIT COMPUTATION

The following example will illustrate the use of the Retirement Benefit Formula. In this example, a man retires at age 65. He has 30 years of service credit. His average salary for the highest five out of his last ten years of employment is $5000. The accumulation in his Annuity Savings Account is $5700.

1. EMPLOYER PENSION

a. Pension Base is 1.1xAverage Salary of $5000	$ 55.
b. Years of Service Credit	x 30.
c. Annual Pension From Employer (a x b)	$1650.

2. EMPLOYEE ANNUITY

a. Amount in Savings Account	$5700.
b. Cost of Lifetime Income	$ 9.75
c. Annual Employee Annuity (a÷b)	$ 585.

3. TOTAL RETIREMENT BENEFIT

a. Annual Employer Pension	$1650.
b. Annual Employee Annuity	$ 585.
c. Annual Retirement Benefit from PERF (a+b)	$2235.
d. Monthly Benefit	$ 186.25

This is the amount that will be paid to the individual under the Normal Retirement Option each year from age 65 to his death. In the event of his death within five years from the date of retirement, payment for the balance of the five-year period will be paid to his beneficiary. This is the PERF benefit, only. It does not include the benefit from social security.

WHAT HAPPENS IF I TERMINATE EMPLOYMENT BEFORE RETIREMENT?

If you terminate employment before qualifying for a retirement benefit from PERF:

You may withdraw in a lump sum the amount of your Savings Account. This will include your contributions plus accumulated interest. If you

elect to do this, you must complete a Claim for Refund of PERF Contributions.

You may leave the amount in your Savings Account on deposit with PERF. If you qualify for a retirement benefit at the time you terminate: You may not withdraw the money in your Savings Account. With 15 years of service credit, you qualify for a retirement benefit at age 50; with ten years of service credit, you qualify for a retirement benefit at age 65.

WHAT IF I BECOME DISABLED AND CANNOT WORK?

If you have 5 or more years of service and qualify for disability benefits from the Federal Social Security Administration, you will receive a monthly disability benefit from PERF. The disability benefit will be based on your years of service, average salary and the amount of contributions you have made to PERF. The disability benefit is payable for life or until your disability is terminated by the Federal Social Security Administration.

WHAT ABOUT BENEFITS TO MY SURVIVORS?

Let's take two conditions.

1. BEFORE RETIREMENT

   If at death, you have less than 15 years of service credit, your contributions plus accumulated interest will be paid to your beneficiary in single sum.

   If you have 15 or more years of service credit at your death, a Survivor Benefit may be paid to your spouse. This benefit is equal to the amount which the survivor would have received if you had retired and elected the Joint and Full Survivor Retirement Option. For your spouse to qualify for the Survivor Benefit:

   You and your spouse must have been married for at least three years.

   You must have named your spouse as your beneficiary.

   Your death must have occurred while in an employer-employee relationship with your employer.

   The Survivor Benefit will be paid in addition to any benefit which your spouse may be entitled to from social security.

2. AFTER RETIREMENT

   The benefit payable to your survivor will be determined by the retirement option you elected at retirement.

EVIDENCE OF AGE

Because your benefits from PERF and the amount of these benefits is directly affected by your age, satisfactory evidence of your date of birth must be provided before benefits can be paid. Generally, the same documents used to substantiate your birthdate for social security are satisfactory for PERF. To avoid any possible delay in the payment of benefits, it is recommended that you submit a copy of your Birth Certificate or other acceptable evidence several months before your retirement.

SOCIAL SECURITY

Members of PERF will also qualify for retirement income for social security. The cost of social security is shared equally by you and your employer. The benefits from social security are described in a separate pamphlet entitled "Your Social Security" which you may obtain from any district social security office.

PLANNING FOR RETIREMENT

A successful and happy retirement doesn't just happen. It requires planning and good planning takes time. There is no set age to begin. Give some thought to it now—whatever your age.

ESTIMATED MONTHLY PERF INCOME YOU CAN EXPECT TO RECEIVE AT AGE 65

		TEN YRS.			TWENTY YRS.			THIRTY YRS.		
Average Monthly (1) Salary	Hourly Equivalent	Financed by Employer	Financed by Employee (2) Contributions	Total Benefit	Financed by Employer	Financed by Employee Contributions	Total Benefit	Financed by Employer	Financed by Employee Contributions	Total Benefit
$250	$1.44	$27.50	$ 6.00	$ 33.50	$ 55.00	$12.00	$ 77.00	$ 82.50	$18.00	$100.50
300	1.73	33.00	8.00	41.00	66.00	16.00	82.00	99.00	24.00	123.00
350	2.02	38.50	9.00	47.50	77.00	18.00	95.00	115.50	27.00	142.50
400	2.31	44.00	10.00	54.00	88.00	20.00	108.00	132.00	30.00	162.00
450	2.60	49.50	12.00	61.50	99.00	24.00	123.00	148.50	36.00	184.50
500	2.88	55.00	13.00	68.00	110.00	26.00	136.00	165.00	39.00	204.00
550	3.17	60.50	15.00	75.50	121.00	30.00	151.00	181.50	45.00	226.50
600	3.46	66.00	16.00	82.00	132.00	32.00	164.00	198.00	48.00	246.00
650	3.75	71.50	17.00	88.50	143.00	34.00	187.00	214.50	51.00	265.50
700	4.04	77.00	19.00	96.00	154.00	38.00	192.00	231.00	57.00	288.00
750	4.33	82.50	20.00	102.50	165.00	40.00	205.00	247.50	60.00	307.50
800	4.62	88.00	22.00	110.00	176.00	44.00	220.00	264.00	66.00	330.00
850	4.90	93.50	23.00	116.50	187.00	46.00	233.00	280.50	69.00	349.50

(1) Average of the highest five years, earnings during last 10 years employment.
(2) Based on 3% contribution of average salary. Accumulated interest not used for this estimate.

NOTE

The PERF benefit is in addition to the Social Security benefit also boing financed by you and your employer. If you have questions regarding your Social Security benefit, please contact your nearest Social Security District office.